

# Inspiring digital trust



*Kumar:  
seeing steady  
progress*

“which will revolutionise the way it adopts artificial intelligence (AI). Overall, we are progressing steadfastly towards our vision of being the leaders in the space of digital trust, which will result in significant value addition to all our stakeholders”. The company has dished out a 10 per cent interim dividend to its shareholders. It is listed on the NSE and BSE and its share is traded on the BSE at ₹25 (52-week high at ₹35 and low of ₹2.80).

## Cash balance

“Subex’s performance has consistently been in line with expectations,” comments Anil Singhvi, chairman, Subex board. “The company has a cash balance of over ₹160 crore today, as against a huge debt just a few years back, which is encouraging. It’s a matter of great satisfaction that, after a gap of 14 long years, Subex is returning to the dividend list.”

Subex was founded in 1992, which coincidentally was also the year the video-telephone was launched. “During its early days, say, between 1992 and 1999, Subex was a trading company selling telecom products. However, the genesis of Subex began in 1999, when we started to build fraud prevention and revenue assurance products for the telecom industry. In retrospect, this marked our first foray into the space of digital trust, wherein we were addressing the foundational layer of trust which is risk mitigation. This strategy worked well for us and, between 1999 and 2008, we were one of the fastest-growing product companies in India, with a presence across global markets and revenues of \$55 million,” says Kumar. “Starting in 2004, we had acquired four companies, but it was our fourth acquisition of a company called Syndesis in 2007 which triggered a change in our fortunes. Syndesis was acquired in an all-cash deal worth \$165 million. Unfortunately, the acquisition coincided with the changing dynamics in the market for

## Subex is on a growth trajectory with an impetus to invest in newer technologies

**O**n 1 February 2021, the Bengaluru-based Subex, which enables digital trust for businesses across the globe, declared its nine-month results ended December 2020. While its revenue grew from ₹260.7 crore to ₹275.9 crore (up by a mere 6 per cent), the operating profit (EBIDTA) had moved up to ₹75.3 crore from ₹55.9 crore (up 35 per cent) and the profit after tax (PAT) rose from ₹16.5 crore to ₹36.1 crore (119 per cent).

“We are seeing steady progress in

new project initiation from our customers and have won several contracts around our core portfolio from some of the largest names in the telecom world, including Telefonica and Saudi Telecom Co,” explains Vinod Kumar, MD & CEO, Subex. “In terms of our newer solutions, we secured customers for our capacity management and digital identity solutions and also forged strategic partnerships in disruptive areas, such as blockchain.” He is excited about the launch of the company’s augmented analytics platform,

Syndesis' offerings in the OSS space, coupled with the global stock market collapse of 2008, which led to telecom customers re-prioritising their investment plans related to network and network optimisations. These developments affected us negatively – both from the perspective of lower revenues from the Syndesis acquisition, as also the instrument of FCCB – with which we chose to fund the acquisition. We had to go through a period of debt and related interest to service the FCCB obligations, putting a strain on our balance sheet. This called for a revamp of operations, which we executed successfully.”

“Towards the end of 2017-18, a significant portion of the debt on our balance sheet was cleaned up and the company became completely debt-free in 2018-19. To address the company's large equity base and bring it in line with our current size of the business, we looked at multiple options and chose to do a capital reduction to address the large equity base,” discloses Kumar.

So, the capital restructuring exercise was kicked off in February 2020. As part of this exercise, the accumulated losses up until then were written-off against the paid-up share capital. The write-off against the paid-up share capital was achieved by reducing the face value of the share from ₹10 to ₹5.

“We received the necessary approvals by 23 October and successfully completed the restructuring in record time and our new shares, with a face value of ₹5, have now been listed in the Indian stock market,” says Kumar. “This exercise has seen a positive response from our shareholder community, indicative of the fact that we have achieved a market capitalisation in excess of ₹1,500 crore after a gap of 12 years. We believe this is a good indication of the growing market confidence in Subex and our digital trust strategy.”

With a legacy of having served the market through its world-class solutions for business optimisation and analytics, Subex is now leading the way by enabling all-round digital trust in the business ecosystems of its customers. Focussing on privacy, security, risk mitigation, predictability

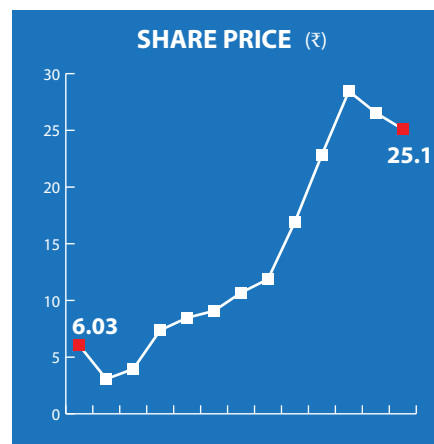


Singhvi: great satisfaction

and confidence in data, Subex helps businesses embrace the disruptive changes in the business landscape and succeed with digital trust.

### Focus on innovation

Subex leverages its product portfolio in areas such as revenue assurance (RA), fraud management (FM), network analytics, and partner management, and complements them through its digital solutions such as IoT security and insights. It also offers scalable managed services and business consulting services. Subex has more than 300 installations across 90-plus countries.



During the year (2020 till date), Subex was selected for its integrated RA and FM to deploy an integrated (iRAFM) solution for STC, a Saudi Arabia-based digital company that offers telecommunications services, landline, mobile, internet services, digital enterprise solutions, entertainment, fintech and computer networks. As a digital enabler, it continuously focusses on innovation and evolution.

“This deal marks another chapter in the long-standing partnership between Subex and STC, through the earlier deployments of ROC revenue assurance and a fraud management engagement, which began in 2003. By virtue of this decision, STC will be aiming to consolidate their technology stack with the latest solution from Subex, including replacement of other legacy systems,” explains Kumar.

“The Middle East is a region that is characterised by having the highest rate of mobile telephony penetration in the world,” says Shankar Roddam, whole-time director & COO, Subex. “This, along with the forthcoming 5G revolution, is important, as operators will innovate and provide customers and enterprises with trusted and new services. Towards this, STC is consistently seen as an innovator within this highly competitive market and has been a pioneer in leveraging technology to drive business value. Through STC's market leadership position, the operator has been on the forefront towards adopting a proactive approach to mitigate the risks associated with digitalisation and the road towards a 5G future.”

“STC has been partners with Subex across the last 17-plus years, through their deployment of ROC RA and ROC FM. With STC accelerating its journey towards 5G, we are looking to build a powerful and secure ecosystem built on digital trust. To fast-track this vision, it is imperative to build alliances with partners who have the expertise to help us navigate around new-age risks. Owing to our existing relationship with Subex and the successes we have witnessed through the deployment of their ROC RA and ROC FM, Subex's iRAFM solution will



provide us a robust foundation of risk mitigation as part of our journey towards innovation and evolution in the digital world," says an STC spokesperson.

"Leveraging Subex's iRAFM, built upon a Hadoop stack, the upgrade will provide STC with the required scalability and flexibility to handle massive volumes of data, while lowering the total cost of ownership (TCO). This will also enable us to achieve higher operational efficiency due to the reduced duplication of data, effort, and maintenance. Further, the unified platform will facilitate seamless communication between the multiple associated solutions STC has in place, leading to a greater degree of digital trust," he adds.

### Key features

Simultaneously, Subex's iRAFM will enable STC to align their business and IT endeavours while making them future-proof. The implementation will bring in key features that will address multiple use cases through the use of AI and signalling data processing that will enable

proactive detection and prevention. "The implementation will also bring in the ability to manage complex rating and billing validations, enhance fraud detection through link analysis, and provide out-of-the-box dash boarding, among other functionalities," says Kumar, who has partnered with Tech Mahindra to provide services based on digital trust. They have announced strategic partnerships to drive scale adoption of blockchain-based solutions for telecom operators globally. "Besides partnering with Telefonica to provide the latest version of ROC Fraud Management, we have secured a deal with a regulatory body in Africa to monitor network performance and customer experience in the region in near real-time," discloses Kumar.

As part of its roadmap, Subex will be making a technological shift in the coming year to roll out an augmented analytics platform aimed at democratising AI at scale. "The next generation augmented analytics platform, based on open source components, will help our customers to manage large volumes of data and

automate the data-to-insights process. It will also apply ML to automate vital aspects of data science to enable business users to find, visualise, and narrate relevant findings from data automatically. This will set us up to offer our current Horizon 1 offerings on the cloud and move to an SaaS model for these products," says Kumar.

According to Gartner, more than 40 per cent of data scientists' roles will be automated by 2021. "Hence, we believe this next-gen platform will be a step to take Subex into the future and will make our solution portfolio extremely interesting to our customers. Today, Subex is leading the way by enabling the concept of all-round 'Digital Trust' in its customers' business ecosystems by comprehensively addressing all layers of digital trust. Focussing on risk mitigation, security, identity, privacy and intelligence, the company helps businesses embrace the disruptive changes in the business landscape," concludes Kumar.

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